

**MICHIGAN STATE**  
**UNIVERSITY**

February 2, 2011

**MEMORANDUM**

**To:** Trustee Finance Committee  
**From:** Fred L. Poston   
**Subject:** New Investment Manager - Conatus Capital Management, L.P.

**RECOMMENDATION**

BE IT RESOLVED that the Trustee Finance Committee recommends that the Board of Trustees select Conatus Capital Management, L.P. as an investment manager.

**BACKGROUND**

Conatus Capital Management, L.P. (Conatus) is a global long/short manager with approximately \$3.3 billion of assets under management. David Stemerman founded Conatus in July 2007 and has sole discretion over the portfolio. Prior to founding Conatus, Mr. Stemerman was a partner and portfolio manager at Lone Pine Capital LLC from 2000-2007.

Conatus Capital Overseas Ltd. (the Fund) seeks to generate superior risk-adjusted returns on a sustainable basis while preserving capital. The Fund invests long and short in the common stock of publicly traded companies in all sectors of the economy, both in the United States and internationally. Stock selection is based on bottom-up fundamental analysis combined with an understanding of the top-down macro-economic environment. The investment team performs intensive analysis as the basis of the investment strategy, and invests long and short in businesses for which their understanding of the central drivers of the business is at variance with market expectations and valuation.

Cambridge Associates advises, and the Investment Advisory Subcommittee and Administration concur, that Conatus Capital Management, L.P. represents an opportunity to invest with an experienced global long-short manager. The Administration plans to invest \$20 million in Conatus Capital Overseas Ltd. which will be funded with proceeds of a redemption from the SCP Atlantic Fund, Ltd.

cc: D. Brower, N. Carter, M. Haas, G. Klein, K. Lindahl



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